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ONLY

Details of Rewald lawsuit revealed-CIA extensively involved in firm,

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he says

Ronald Rewald, in a lawsuit against the Central Intelligence Agency, alleges extensive CIA involvement in his investment company's activities. This involvement, the suit says, eventually caused Rewald's company and its investors to lose money.

His \$671 million lawsuit against the CIA was filed Tuesday in U.S. District Court and was unsealed Friday.

Because the CIA has refused to acknowledge its full role with Rewald's investment company, Bishop Baldwin, Rewald, Dillingham and Wong, the firm sustained \$35 million in general and special damages, Rewald's good name and income potential were destroyed and personal assets totaling \$4 million were lost, according to the suit.

Specifically, the suit says Rewald was directed by the CIA to establish two cover operations in Honolulu in 1977 and 1978 and was directed to establish another firm, Bishop Baldwin, that would specialize in the Far East and Southeast Asia.

"Bishop Baldwin grew, establishing offices in foreign countries, many under CIA direction. The Agency established an operating budget for Bishop Baldwin of several million dollars, and the Agency used Bishop Baldwin checking accounts and reimbursed Bishop Baldwin and its agents and employees their expenses for Agency work," the suit said.

The suit named nine companies, including Bishop Baldwin, which it said the CIA used, some "completely and exclusively for covert CIA operations."

"These companies existed, in whole or in part, for the sole benefit of the Agency. Many company employees were retained or carried at the request of the CIA and performed functions of tasks requested and directed by the CIA and its agents and representatives."

The suit also said the CIA and its representatives used Bishop Baldwin's investment account and other investments to shelter money of "highly placed" foreigners and for the CIA's own use. So, the suit said, Bishop Baldwin's main depository had funds from legitimate investors, funds from the CIA and cover funds from the foreigners.

"These funds were co-mingled in the Bishop Baldwin investment account and used in (a) meeting Bishop Baldwin overhead, (b) legitimate Bishop Baldwin investment transactions in which the CIA had no interest, and (c) CIA-directed projects . . ." according to the suit.

"The CIA knew that its funds were co-mingled with the funds of Bishop Baldwin and its clients. The CIA also knew the manner in which Bishop Baldwin raised and obtained funds from legitimate investors and knew what representations were made by Bishop Baldwin to legitimate investors to induce them to invest their funds."

The suit also said the CIA "gave assurances" that it would act in good faith with Bishop Baldwin and would protect the company from "outside interference investigations by government agencies" and that it would provide "financial support and complete protection" for Bishop Baldwin personnel deemed to be "extremely valuable."

The CIA, the suit said, did not act in good faith nor protect the company and its personnel.

Thomas Hayes, the bankruptcy court trustee who took over Bishop Baldwin, has said that he found evidence of only a slight CIA involvement in the investment firm.

Rewald is free on a \$140,000 bond pending his trial in state court later this year on charges that he stole money from two Bishop Baldwin investors. Rewald's firm went into bankruptcy last year, leaving hundreds of investors wondering what happened to an estimated \$17 million in funds.

Rewald has the court's permission to go to the Mainland for three weeks to visit his family in Wisconsin and to meet with attorney Melvin Belli in San Francisco.